



# PSC NEWS

## Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

FY-03-164

### PSC SETS HEARING IN NATURAL GAS RULEMAKING PROCEEDING

Jefferson City (June 13, 2003)---The Missouri Public Service Commission will hold a public hearing on **July 10, 2003**, to receive comments on a proposed rule regarding natural gas price volatility mitigation.

The proposed rule states that local natural gas companies under PSC jurisdiction should structure their portfolios of contracts with various supply and pricing provisions in an effort to mitigate upward natural gas price spikes, and provide a level of stability of delivered natural gas prices.

As part of their planning effort, the proposed rule states that natural gas utilities should consider the use of a broad range of pricing structures, mechanisms, and instruments, including, but not limited to:

- \* Natural Gas Storage
- \* Futures Contracts
- \* Fixed Price Contracts
- \* Call Options
- \* Collars
- \* Outsourcing/Agency Agreements
- \* Other tools utilized in the market for cost-effective management of price and/or usage volatility

The proposed rule notes that each of the above mechanisms may be desirable in certain circumstances, but each has unique risks and costs that require evaluation by the natural gas company in each circumstance. In addition, the proposed rule states that part of the natural gas utility's balanced portfolio may be higher than spot market prices at times and this would be recognized as a possible result of prudent efforts to dampen upward volatility.

"This proposed rule is the result of several task force public meetings as well as meetings among stakeholders that were part of a Commission task force formed as a result of high natural gas prices in the winter of 2000-2001," stated Warren Wood, Energy Department Manager at the Public Service Commission.

The **July 10, 2003**, hearing will be held in Room 310 of the Governor Office Building in Jefferson City. The hearing is scheduled to begin at 10:00 am. The Governor Office Building meets accessibility standards required by the Americans With Disabilities Act. Any person needing additional accommodations to participate in this hearing should contact the Missouri Public Service Commission ten days prior to the hearing at one of the following numbers: the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD).

The general public is invited to submit its comments regarding this proposed rule. Those comments should reference case number GX-2002-478 and be submitted on or before **July 3, 2003**, to the Secretary of the Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102.

---0---